

**Florence, Elaine J CIV NAVSUP FLC Jacksonville, 220**

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**From:** Bill Annand <BAnnand@hms-seaward.com>  
**Sent:** Thursday, June 01, 2017 8:34  
**To:** Nelson, Darryl Q CIV NAVSUP FLC Jacksonville, 220  
**Cc:** Florence, Elaine J CIV NAVSUP FLC Jacksonville, 220; Wallace, Alexander D III CDR NAVSUP FLC Jacksonville, 200; Mooney, Kevin CIV NAVSUP FLC Jacksonville, 01; Jerome Best  
**Subject:** [Non-DoD Source] RE: Termination for Cause, N68836-17-C-0001

Receipt acknowledge 2225, 31-May-2017.

William H. Annand  
President/COO  
Seaward Services Inc.  
222 Pearl Street, 3rd Floor  
New Albany, IN 47150  
A HMS Global Maritime Company  
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-----Original Message-----

**From:** Nelson, Darryl Q CIV NAVSUP FLC Jacksonville, 220 [mailto:darryl.nelson@navy.mil]  
**Sent:** Wednesday, May 31, 2017 10:25 PM  
**To:** Bill Annand <BAnnand@hms-seaward.com>; Jerome Best <JBest@hms-seaward.com>  
**Cc:** Florence, Elaine J CIV NAVSUP FLC Jacksonville, 220 <elaine.florence@navy.mil>; Wallace, Alexander D III CDR NAVSUP FLC Jacksonville, 200 <alexander.wallace@navy.mil>; Mooney, Kevin CIV NAVSUP FLC Jacksonville, 01 <kevin.f.mooney@navy.mil>  
**Subject:** Termination for Cause, N68836-17-C-0001

Please see attached

R/  
Darryl Q. Nelson  
Director, Large Contracts  
FLC-JAX  
904-542-0927

DEPARTMENT OF THE NAVY  
NAVSUP FLEET LOGISTICS CENTER JACKSONVILLE  
P.O. BOX 97  
NAS JACKSONVILLE, FLORIDA 32212-0097

4370  
Ser 200 DN/XXX  
May 31, 2017

Seaward Services, Inc. (Seaward)  
Attn: William Annand  
222 Pearl Street, 3<sup>rd</sup> Floor  
New Albany, IN 47150  
*Via Email: [WAnnand@hms-seaward.com](mailto:WAnnand@hms-seaward.com)*

SUBJECT: NOTICE OF TERMINATION FOR CAUSE FOR CONTRACT N68836-17-C-0001

Ref: (a) Seaward's 90 day Plan of Action & Milestones (POA&M) dated February 13, 2017  
(b) NAVSUP FLCJ letter regarding Seaward's POA&M dated May 24, 2017  
(c) Seaward's response letter dated May 25, 2017

Dear Mr. Annand:

This letter is to confirm our conversation of the Government's decision to terminate Contract N68836-17-C-0001 for cause in accordance with FAR 52.212-4(m). It is in the Government's best interest to terminate this contract for cause. The termination is effective on June 1, 2017.

On March 1, 2017 the Government accepted Seaward's 90 day POA&M (Reference (a)) as a remedy to cure its failure on February 1, 2017 to perform the contract. On May 24, 2017 the Government issued Seaward a letter of concern (Reference (b)) seeking assurances of Seaward's ability to perform the contract. This request was sent as a result of Seaward's failure to meet the milestones provided in Seaward's 90 day POA&M to adequately staff the contract with fully qualified personnel to ensure the essential Port Operations requirements can be accomplished by start of the contract on June 1, 2017 in accordance with the Performance Work Statement (PWS). On May 25, 2017 Seaward provided its response to the Government's letter of concern.

Your response to my letter of concern failed to provide adequate assurances to the Government that it can perform all mission essential Port Operations requirements in accordance with the PWS at the start of the contract on June 1, 2017. Given the necessary training and qualification processes, your response does not provide adequate time for the provision of a fully qualified staff to perform the contract. Furthermore, you have failed to accurately depict your progress towards getting all your personnel qualified.

As a result of the deficiencies noted above, Seaward is presently unprepared to perform the contract, and it is impossible for Seaward to become prepared by the start date, June 1, 2017. Specifically Seaward only has 19 personnel qualified as 2<sup>nd</sup> class swimmers. Personnel not qualified as 2nd class swimmers cannot operate onboard any vessel. Four (4) of the fifteen (15) personnel identified as Tug Crew members are not 2nd class swimmer qualified. The Shore Installation Management Basic Boat Coxswains (SIMBBC) Course was held 26-29 May 2017. The SIMBBC course is a required for any and all persons to operate Navy owned small boats. Of the six (6) personnel that attended the course only four (4) are 2<sup>nd</sup> class swimmer qualified. To date the Government has not received all physical examinations (color vision tests) requirements for any personnel. Only one (1) Loadmaster is fully qualified which does not allow for multi-vessel operations. Several personnel are cross-decked in multiple positions in the POA&M and the Personnel Qualifications Standards (PQS) Tracker which prohibits Seaward's ability to

safely conduct simultaneous operations as required by the PWS. Of the two (2) personnel identified as Sounding and Security Watch Standers, only one (1) is 2<sup>nd</sup> Class Swimmer qualified. Additionally, Seaward lack the required proficiency to operate multiple vessels since Seaward's Coxswains have not operated at night, nor have they conducted vessel drills (i.e. Man-over-board, firefighting, abandon ship, etc.). To date Seaward has no personnel qualified to operate the Utility Boat or conduct oil spill response and recovery which significantly impacts mission readiness. As such, Seaward did not accomplish all of the requirements to safely assume control of the Port Operations at U. S. Naval Station, Guantanamo Bay, Cuba. Accordingly, Seaward Services, Inc. failed to provide adequate assurances of future performance that complies with the contract terms.

Seaward Services, Inc. shall take the following steps:

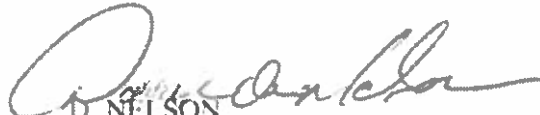
- a. Stop all work effective immediately.
- b. Keep adequate records of your compliance with subparagraph a. above showing the following:
  - (1) Date you received the Notice of Termination;
  - (2) Effective date of termination; and
  - (3) Extent of completion of performance on the effective date.
- c. Furnish notice of termination to each immediate subcontractor and supplier that will be affected by this termination. In the notice:
  - (1) Specify your Government contract number;
  - (2) State whether the contract has been terminated completely or partially;
  - (3) Provide instructions to stop all work and terminate all subcontracts under the contract in compliance with subparagraph a;
  - (4) Provide instructions to submit any settlement proposal promptly; and
  - (5) Request that similar notices and instructions be given to its immediate subcontractors.

This termination for cause notice constitutes the final decision of the Contracting Officer and Seaward Services, Inc. has the right to appeal under the Disputes clause (see FAR 33.211). In accordance with FAR 12.403(c)(2), the Government's remedy will be to acquire the required Port Operations Support Services from another Contractor. The basic principles regarding Termination for Cause are set forth under FAR Subpart 12.403 and FAR 52.212-4(m).

4370  
Ser 200 DN  
May 31, 2017

Please acknowledge receipt of this notice as provided below.

Sincerely,

  
D. NELSON  
Contracting Officer

ACKNOWLEDGEMENT OF TERMINATION NOTICE

Seaward Services, Inc. acknowledges receipt of a signed copy of this notice on \_\_\_\_\_  
(Date)

One signed copy of this notice is returned.

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)